

SWISSMETAL Media release

Dornach, 22nd April 2008

Swissmetal ends 2007 with further growth in gross sales (+14%) and operating income (+43%)

The Swissmetal Group achieved gross sales of CHF 407.0 million in financial year 2007. So gross sales was CHF 49.3 million or 14% above the prior year level. This growth was attributable to the increase in general business activities and to the acquisition of the Avins Industrial Products Corp., Warren/NJ, USA.

The gross added value sales (gross sales less metal at standard metal costs) of the production factories showed an increase in the year just ended of 7% to CHF 126.1 million. The generators and cutting segments turned out higher than expected in this regard. On the other hand, the connectors and pen tips segments remained below expectations.

The gross margin in 2007 came to CHF 148.5 million, making it 5% higher than in the prior year. Besides the increased business activity, this included a profit from warehouse optimization in which the metal stock level in the production cycle was reduced by means of efforts made in operations.

The earnings before interest, tax and depreciation (EBITDA) at CHF 28.6 million increased in 2007 only slightly at 4% compared with the prior year. This is mainly due to higher operating and administration costs. Besides the increased business activities, the inclusion of the Avins Industrial Products Corp., Warren/NJ and the higher energy prices, maintenance and initial costs for a large number of new tools for the extrusion press in Dornach were responsible for the increase. The change is clearer on the earnings before interest and tax (EBIT) side with an increase of 43% to CHF 14.5 million. Earnings after tax (EAT) improved in 2007 to CHF 11.4 million or by 147% compared with the prior year. Crucial to the extremely positive earnings after tax in the reporting year were two extraordinary gains amounting to CHF 0.8 million each as well as a lower tax rate.

Swissmetal's balance sheet total as at 31 December 2007 has risen compared with the same date in the prior year by CHF 17.8 million to CHF 236.9 million, with the purchase of the Avins Industrial Products Corp., Warren/NJ, making a major impact. Another factor is increased sales activity in combination with increased working capital.

Cyclically, the year 2008 for Swissmetal has begun respectably. Thus, the order entries lay over the previous year's figures. At the same time, the current year will also be marked with the point of culmination of industrial reconstruction with partly significant need of resources.

Accounting according to Swiss GAAP FER instead of IFRS

Swissmetal has communicated on various occasions that the Group's accounting standards should be converted to International Financial Reporting Standards (IFRS) as at 31 December 2007.

During the project to convert to IFRS, it became ever clearer that there is currently no solution to the presentation of a company like Swissmetal operating in the metal processing industry that shows the company's operating results in a reasonable manner. The existing IFRS standards led to extremely volatile figures that greatly overshadowed operational developments and no longer allowed them to be determined.

This realisation led to the decision to continue to keep the Group accounts in accordance with Swiss GAAP FER until a solution in IFRS is available that permits separate presentation of the impacts from metal and from the operational developments.

Swissmetal produces and sells worldwide high-quality special products made of copper and copper alloys which are mainly used in the electronics, telecommunications, air travel, petroleum, automobile, stationery and watch/clock industries and in the architectural sector. In financial year 2007, Swissmetal achieved turnover of CHF 407.0 million. As at end of March 2008, the company had 690 full time-employees. Swissmetal, with its registered office in Dornach (Switzerland) is quoted on the SWX Swiss Exchange as UMS Schweizerische Metallwerke Holding AG.

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